

Michigan Milk Producers Association



*Presentation to:
The Michigan House
Agriculture Committee
May 16, 2007*

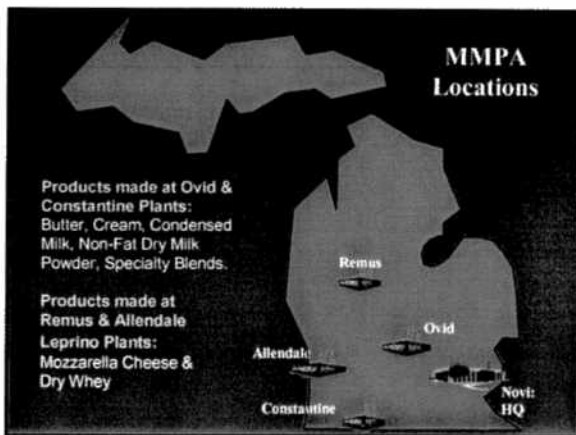
Michigan Milk Producers Association

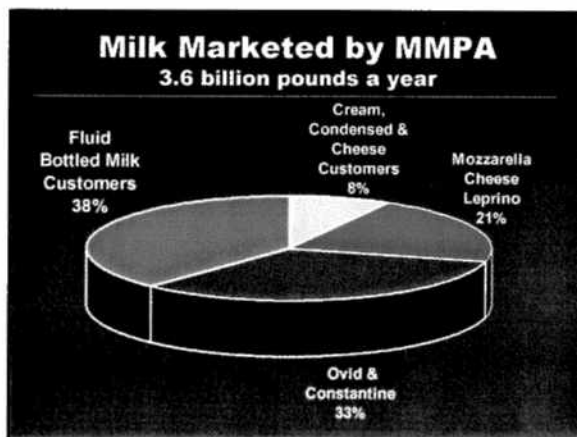


- Formed in 1916
- 2,400 members representing 1,600 farms
- Members in Michigan, Ohio, Indiana and Wisconsin.
- Markets 3.6 billion pounds of milk annually.
- 11th largest dairy cooperative in the United States.

Michigan Milk Producers Association

*Mission Statement:
To Market MMPA Members' Milk
to the Greatest Advantage
Possible.*



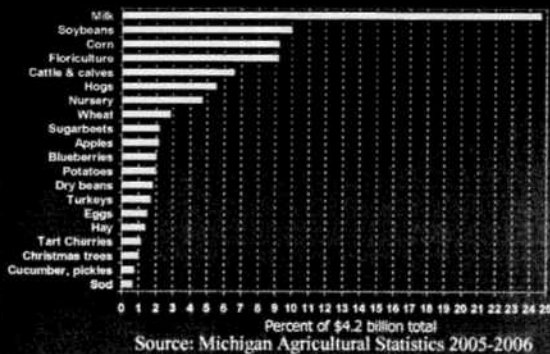


Michigan's Dairy Industry



- Ranks 9th nationally
- Dairy is the top ranking segment of Michigan's number two industry: Agriculture.
- Dairy contributes approximately 25% of Michigan's cash receipts for Agriculture.
- Represents approximately 3.9% of total U.S. milk production.

Top 20 Commodities in Cash Receipts, 2005



Dairy Industry's Impact on Michigan's Economy



Source: Michigan Agricultural Statistics Service and Michigan State University, "Economic Impact and Potential of Michigan's Agri-Food System" report.

Economic Impact of One Cow

- According to a University of Wisconsin study, the Annual Economic Output of One Cow on a 3,000 cow dairy operation =

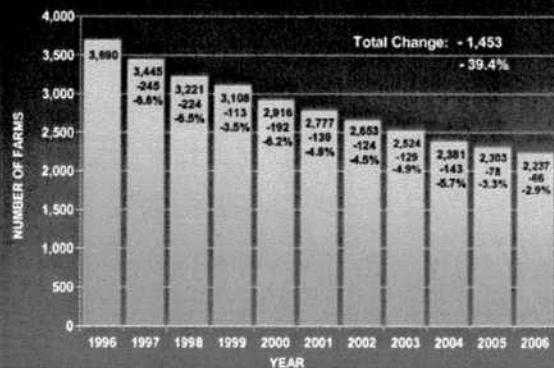
\$13,737

- vet services, finance, insurance, real estate, food, medical expenses, transportation, communication, government, dairy farm products, construction, fertilizer, grains, forage, processing, etc.

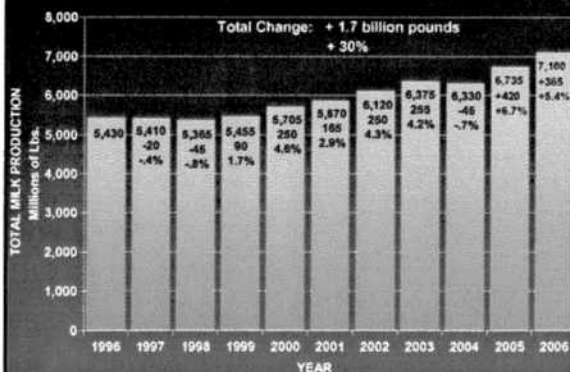
Issues Facing Michigan's Dairy Industry

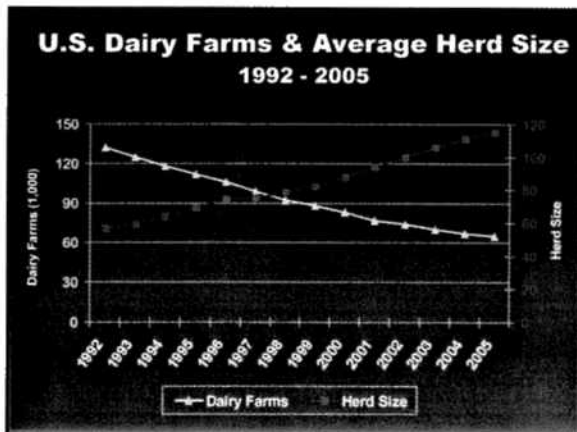
- **DECLINING FARM NUMBERS**
 - Increasing Dairy Farmer Retirements.
 - Substantial Milk Price Volatility.
- **DAIRY FARMS MUST BE ABLE TO GROW**
 - To be economically viable.
 - To maintain milk volume to serve the state's demand.
 - To continue to play an important role in our state's economy.

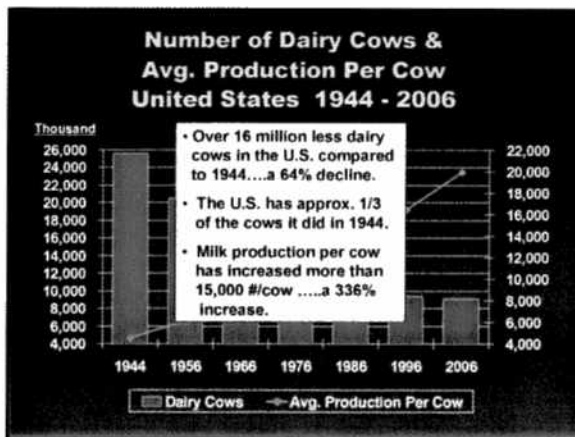
MICHIGAN GRADE A FARMS - YEARLY COMPARISON 1996-2006

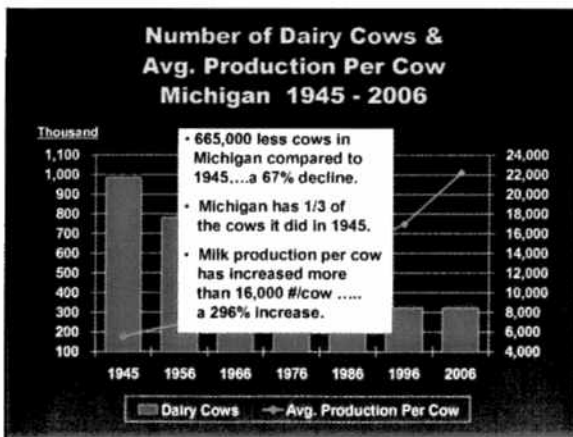


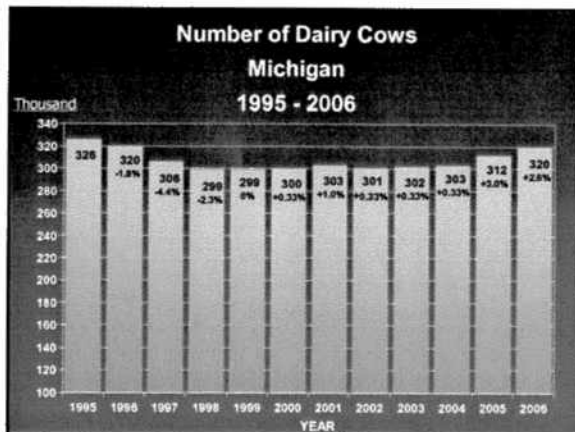
MICHIGAN - MILK PRODUCTION - YEARLY COMPARISON 1996-2006











**ISSUES FACING MICHIGAN'S
DAIRY INDUSTRY**

- **INCREASING REGULATORY REQUIREMENTS**
 - As regulations continue to change and become even more stricter than federal law, it makes it difficult for Michigan's dairy industry to remain economically viable and competitive with other states.

**ISSUES FACING MICHIGAN'S
DAIRY INDUSTRY**

- **AIR QUALITY / EMISSION ISSUES**
- **URBAN SPRAWL**
 - Pressures on Agricultural Production
 - Pressures on Michigan Right to Farm

ISSUES FACING MICHIGAN'S DAIRY INDUSTRY

• BUDGET ISSUES FOR:

- MICHIGAN DEPARTMENT OF AGRICULTURE
- MSU EXTENSION
- MSU AG EXPERIMENT STATIONS

ISSUES FACING MICHIGAN'S DAIRY INDUSTRY

• LARGE ANIMAL VETERINARY PRACTICE

- Declining Numbers of Large Animal Vets.
- Very Small Percentage of MSU Student Preference for Large Animals.
- MSU Department of Animal Science and College of Veterinary Medicine Created a "Production Medicine Scholars Program."

Preserving a Michigan Dairy Industry Will Require:

- A Fair Economic Return
- The Ability to Increase Farm Size
- A Reasonable Regulatory Environment

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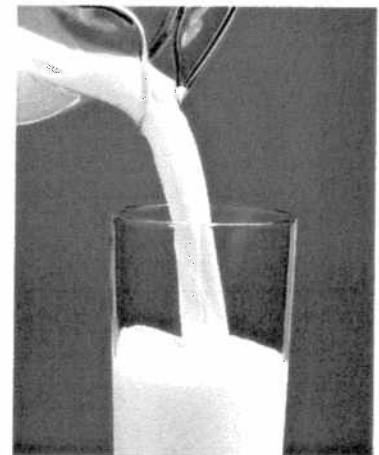


Mission Statement:

*To market MMPA members' milk to the
greatest advantage possible.*

MMPA Facts:

- MMPA was formed in 1916.
- MMPA markets over 3.6 billion pounds of milk annually.
- MMPA is a member owned and operated dairy cooperative serving approximately 2,400 farmers in Michigan, Ohio, Indiana and Wisconsin.
- Products made at MMPA's manufacturing plants in Ovid and Constantine include: butter, nonfat dry milk, cream, condensed skim milk and sweetened condensed milk. These products are used by MMPA customers in various end products such as: ice cream, yogurt, infant formula, pudding, cheese, baked goods, frozen dinners, candy bars and other confections.
- MMPA has a milk supply arrangement with Leprino Foods headquartered in Denver, Colorado. Their Michigan plants, located in Allendale and Remus, produce mozzarella cheese for the pizza industry and the food service industry.
- MMPA is the 11th largest dairy cooperative in the United States.



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Michigan Dairy Industry's Impact on the State's Economy

The dairy farms that dot Michigan's rural landscape may seem remote, but the truth is they have a tremendous impact on the overall state economy. From employment opportunities to income generation, Michigan's dairy industry has a \$5.1 billion impact on the Michigan economy.

In 2006, 320,000 Michigan dairy cows produced 7.1 billion pounds of milk. This represented 3.9 percent of U.S. production and ranked Michigan ninth among U.S. states. Total Michigan agriculture produced \$3.8 billion in cash receipts (five year average 2001-2005) and dairy, the largest single commodity in terms of cash receipts, accounted for about 23 percent of the total or about \$893 million (2001-2005 average). *All statistics are from the Michigan Agricultural Statistics Service.*

Nationally, the dairy industry has a \$90 billion impact on the country's economy, including \$20 billion on household earnings and 773,000 jobs throughout the country.

When dairy processing is included with the dairy farm impacts, the overall economic impact of the U.S. dairy industry – farming through processing – is estimated to be \$140 billion in economic output, \$29 billion in household earnings and well over 900,000 jobs.

These impressive statistics of the dairy industry's impact on the economy, jobs and community growth are important facts to share with those making decisions that impact the viability of the dairy industry.

By the Numbers....

\$5.1 Billion - impact on Michigan's economy.*

\$893 Million - average Michigan annual dairy farm receipts (2001-2005).

7.1 Billion - pounds of milk produced by Michigan dairy cows every year.

2,200 - Grade A Dairy Farms.

9th - ranked state in the nation for milk production.

1 - top ranking segment of Michigan's agricultural industry.

23% - Dairy industry contribution to total agricultural economy.

3.9% - of total U.S. Milk production, produced in Michigan.

* According to the Michigan State University, "Economic Impact and Potential of Michigan's Agri-Food System" report released January 2006.

